GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:6
ANSWERED ON:30.11.2015
Greenfield Crude Oil Refinery
Kesineni Shri Srinivas

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Andhra Pradesh Reorganisation Act,2014 envisages setting up of Greenfield crude oil refinery and petrochemical complex in the State and if so, the details thereof:
(b) whether the feasibility of the same has been examined and if so, the details thereof;
(c) whether the location and proposed capacity of the refinery has been finalised; and
(d) if so, the time by which it is likely to be commissioned ?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN)
(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (D) OF LOK SABHA STARRED QUESTION NO. 6 BY SHRI KESINENI NANI TO BE ANSWERED ON 30TH NOVEMBER, 2015 REGARDING GREENFIELD CRUDE OIL REFINERY
(a) Andhra Pradesh Reorganization Act, 2014 envisages setting up of Greenfield crude oil refinery and petrochemical complex in the State of Andhra Pradesh. As per AP Reorganization Act, 2014,
"IOCL or HPCL shall, within six months from appointed day, examine the feasibility of establishing a green field crude oil refinery and petrochemical complex in the successor state of Andhra Pradesh and take an expeditious decision there on".
(b) Hindustan Petroleum Corporation Ltd. (HPCL) along with Gas Authority of India Ltd. (GAIL) carried out a prefeasibility cum configuration study for 15 MMTPA integrated refinery cum Petrochemical complex and also a standalone Petrochemical complex. The financial appraisal of the selected integrated/standalone Petrochemical complex cases has been carried out and financial results presented to Government of Andhra Pradesh (GoAP) for deciding the incentive package. In the two scenarios considered, the IRR was very low, which required very large Viability Gap Funding (VGF) by GoAP. Considering the huge VGF, It was advised by GoAP to carry out a detailed feasibility study of the Standalone Petrochemical Complex in order to firm up the required incentive package for the project. It was also advised to carry out the market study of Petrochemicals alongside Detailed Feasibility Report (DFR).
GAIL & HPCL is carrying out DFR for Standalone Petrochemical Project in Andhra Pradesh along with market study for petrochemicals which is to be completed by June, 2016.
(c) About 2,000 acres of land had been sought by HPCL for the project. Government of GoAP offered three sites, namely Nakkapalli cluster near Visakhapatnam, within Kakinada SEZ in East Godavari district under GMR possession and at Machilipatnam. Site selection Study has been completed for the 3 sites offered by GoAP. The decision on the site depends upon the completion of DFR & cost of land.
(d) The Project schedule depend upon the completion of the DFR and Financial appraisal of the Project and subsequent approvals. After necessary approvals, about 48 months are required for achieving mechanical completion of the project.
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